

# ***Medicare Provider Issue Monitor***

***Congressman Jim Nussle***

***Manchester, Iowa***

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## **Good News for Iowa Hospitals & Patients! *Iowa Benefits from New Medicare Legislation***

*Congressman Jim Nussle secured more than \$400 million dollars in long-awaited relief for Iowa's health care providers in recently approved comprehensive Medicare legislation. The new law goes a long way toward fixing the reimbursement problem for Iowa and for other rural states. **The Medicare Prescription Drug and Modernization Act (H.R. 1)** includes the following provisions:*

- Revises the labor share of the hospital wage index from 71% down to 62% to more accurately reflect hospitals labor costs.
- Provides standardized base payments for rural and small urban hospitals equal to those of large urban hospitals.
- Increases Disproportionate Share Hospitals (DSH) payments for rural and small urban hospitals by increasing the cap from 5.7 to 12 percent.
- Provides flexibility in the number of beds for critical access hospitals, can use more than 15 beds for acute care, subject to 25 bed limit.
- Provides cost based reimbursement PLUS 1 % for critical access hospitals.
- Reduces regulatory burden by taking sensible steps to improve the contracting process and clarify provider rights.
- Provides a new 5% bonus payment for primary and specialty physicians who practice in under served areas for 2005 through 2007.
- Increases the work component of the geographic adjuster for physician services from .959 to 1.0 for 2004 through 2006.
- Increased payments for all physicians including a 1.5% increase for 2004 and 2005 instead of a 4.2% cut.
- Adds a 5 % increase for all rural home health agencies until 2005.
- Increases payment for rural ambulance services, particularly those with high costs.

***Policy begins in 2004 and could mean over \$400 million for Iowa over the next 10 years!  
Approved by the House of Representatives on November 22, 2003 and the Senate on November 25, 2003.  
The legislation was signed into law by the President on December 8, 2003.***

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